

## **Rural villages considering cuts, mergers**

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ANCHORAGE (December 21, 3:15 p.m. AST) - Villages faced with dwindling state funding are considering deep cuts in services and new ways to remain solvent. Since statehood, many local communities have relied on state grants to help balance local budgets and provide key municipal services. Municipal Revenue Sharing grants, which helped fund a broad array of local expenses, and Safe Communities grants to fund emergency services have paid millions to buoy local governments. Gov. Frank Murkowski vetoed the program in the last session of the Legislature in an effort to reduce the state's gaping budget deficit. "We must take responsibility for prioritizing what our governments can do based on what we can afford," Murkowski said in vetoing those and a third program that funded local construction projects.

Municipal governments received some temporary assistance from Murkowski funded from a \$15 million federal grant. But that funding ends in July. Throughout Alaska this winter, city administrators and councils are coming to grips with the looming shortfall. Huslia in Western Alaska is dousing its streetlights, Hooper Bay is laying off police and White Mountain is considering tripling its taxes. A few villages are even considering merging their municipal operations with local Native tribes. Mekoryuk Mayor King said his Native village is considering such a merger.

Village officials have the power to levy a sales tax - which is set at 2 percent currently - and apply for federal grants available to incorporated cities. The tribe can tap other federal resources. "There's no way the municipalities can survive if they cut revenue sharing off. If we raise funds like other little villages ... we'll just exploit ourselves and make our community poorer and poorer," King said. Kiana and Koyukuk are also considering tribal mergers with more villages possibly following when municipal funding is gone, said Anthony Caole, a former Quinhagak city and tribal administrator who is now an Anchorage consultant. The merger "is not an ideal arrangement," Caole said. It will create an unwieldy council of 10 to 14 members working in a gray area that is both city and tribe.

"The ideal would be one form of government," he said. "It's just that nobody knows what that looks like." And a merger is not for every community, he said. Some tribes may be reluctant to merge with their local municipality. Cities bring little to the bargaining table except sales tax powers, and many tribes are already overwhelmed with work, he said.

In addition, the future of tribal funding is uncertain. Sen. Ted Stevens has said it is increasingly difficult to secure funding for Alaska's 229 federally recognized tribes and has proposed they consider some form of consolidation. In the meantime, the mergers may be the best option for foundering municipal governments, Caole said.

State officials are sympathetic to the plight of Mekoryuk, Ouzinkie and other small municipalities but all governments have to find ways to balance local needs with revenues, said Edgar Blatchford, commissioner of the state Department of Community and Economic Development. If that means dissolving their government because they can't afford it, "that's their decision," Blatchford said.

The Murkowski administration believes rural communities' fate lies with basic economics, Blatchford said. "If there's an economic base that local people can seize, there's hope for the future," he said. But where the only income is state and federal grants, the future looks bleak, Blatchford said.